

Message Text

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73

ACTION EUR-25

INFO OCT-01 AF-10 ISO-00 ACDA-19 CIAE-00 INR-10 IO-14 L-03

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EB-11 COME-00 SS-20 SPC-03 NSF-04 DRC-01 /149 W

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R 181438Z DEC 73

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 8239

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSELS

USMISSION EC BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY HELSINKI

AMCONSUL JOHANNESBURG

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY MOSCOW

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

USMISSION IAEA VIENNA

AEC GERMANTOWN

C O N F I D E N T I A L COPENHAGEN 3223

E.O. 11652: GDS

TAGS: TGEN, TECH, EEC ENRG, DA US

SUBJ: DANISH ATOMIC ENERGY COMMISSION (DAEK) VIES ON URANIUM
ENRICHMENT

REF: (A) EC BRUSSELS 6885, (B) EC BRUSSELS 73034, (C) OTTAWA 2896

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1. ON DECEMBER 17, EMBOFF TOURED ENRICHED URANIUM HORIZON WITH

HANS VON BULOW, SEC'Y GENERAL, DAEK, WHO EMPHASIZED HIS REMARKS WERE NOT "COMPLETELY AUTHORITATIVE" DANISH GOVT VIEW OR THAT OF DANISH UTILITIES. (FONMIN OFFICIALS WHO COULD GIVE "AUTHORITATIVE" DANISH POSITION NOT AVAILABLE BECAUSE OF COPENHAGEN SUMMIT AND EC COUNCIL MEETING IN BRUSSELS ON DECEMBER 17-18. NEVERTHELESS, EMBASSY BELIEVES VON BULOW'S COMMENTS INDICATIVE OF DANISH VIEWS.) VON BULOW IS ECONOMIST, NOT SCIENTIST.

2. HE NOTED DANES WILL NOT *AVE NUCLEAR REACTORS OPERATIONAL BEFOR* 1979 AND ONLY POSSIBLY BY 1982. THEY THUS HAVE NO INTEREST IN USAEC DECEMBER 31 CONTRACT DEADLINE FOR PERIOD ENDING 1979, AND ONLY DECISIONS ON THIS WILL BE MADE BY DANISH UTILITIES. (VON BULOW REQUESTED CONFIRMATION OF PERIODS COVERED BY THE TWO CUTOFF DATES. EMBASSY REQUESTS SUCH INFO TO PASS TO HIM.)

3. HE SAID DENMARK WAS WATCHING GAS DIFFUSION (EURODIF) VS. CENTRIFUGE (RUENCO) DEVELOPMENTS CAREFULLY EVEN THOUGH NEITHER COMPANY WOULD BE JOINED. HE SAID THAT FRENCH ARE CLEARLY BETTING THAT SURE BUT COSTLY GAS DIFFUSION WOULD OUTWEIGH IN ATTRACTIVE-NESS UNPROVEN BUT CHEAP CENTRIFUGE, AND THEY ALSO RECOGNIZE THAT URENCO SALES PRICES WOULD BE ONLY marginally LESS THAN EURODIF PRICES, WHICH WOULD STEER THE MARKET. DANISH UTILITIES ARE AWARE, HOWEVER, THAT CENTRIFUGE OUTPUT IS EASIER TO CONTROL BECAUSE OF SMALLER INCREMENTS BEING POSSIBLE, THUS REDUCING LEAD TIME COMMITMENTS.

(NOTE: EMBOFF SENSED THAT VON BULOW PREFERS CENTRIFUGE TECHNOLOGY IF IT PROVES OUT OPERATIONALLY.) DANISH UTILITIES, MOTIVATED BY THEIR TRADITIONAL CONCERN WITH MARGINAL PRICE ADVANTAGES, WILL LIKELY CONSIDER DEVELOPMENT O* EUROPEAN ENRICHMENT CAPABILITY WITH FAVOR BECAUSE OF INCREASED SUPPLY OPTIONS. THUS, VON BULOW BELIEVES DENMARK WILL VIEW COMMISSION RECOMMENDATION ON EC ENRICHMENT CAPABILITY (SEE REF. (B) AS WORTHWHILE BUT NOT BECAUSE OF ANY "THEOLOGICAL REASONS".

4. VON BULOW NOTED THAT A "CALCULATION" (SOURCE NOT INDICATED) SHOWED THAT 20,000 SMUS WOULD BE REQUIRED BY "WESTERN EUROPE" PER ANNUM BY 1985. (HOW THIS COMPARES WITH ESTIMATES IN COMMISSION RECOMMENDATION - PARA. 5, REF (B) - IS DIFFICULT FOR COPENHAGEN
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TO DETERMINE.) PROPORTION OF SMUS BOUGHT IN UROPE WILL DEPEND ON ATTRACTIVENESS OF USA C TERMS. HE NOTED THAT DAEK THOUGHT USAEC TERMS, PARTICULARLY LEAD TIME COMMITMENTS, WERE "STIFF" BUT NOTED THAT DANES WERE NOT "RESENTFUL" BECAUSE THEY RECOGNIZED THAT ECONOMIES OF SCALE IN US PRODUCTION CAPABILITIES MAY REQUIRE SUCH COMMITMENTS.

5. VON BULOW SAID THAT THERE HAD BEEN SOME TALK OF VARIOUS EUROPEAN COUNTRIES BUYING ENRICHED URANIUM FROM USSR. HE SAID THAT THERE MIGHT BE SOME SMALL COMMERICAL TRANSACTIONS OF RELATIVELY

INSIGNIFICANT AMOUNTS BUT THAT WESTERN EUROPE "WOULD NOT DATE" TO BECOME HEAVILY DEPENDENT ON SOVIET ENRICHED URANIUM. (WE NOTE CONTENTS OF ROME'S 9592.)

6. HE SAID THAT "DARK HORSE" IN ENRICHMENT TECHNOLOGY CONTEST WAS SOUTH AFRICAN ENTRY. HE ASKED EMBOFF FOR ANY INFORMATION ON WHAT THAT TECHNOLOGY CONSISTED OF, AND EMBOFF SAID HE HAD NO WORD ON THAT.

7. VON BULOW SAID THAT ENERGY CRISIS MERELY POINTED UP NEED FOR CRUSIAL DECISIONS BY "ALL OF US" IN 1974. HE HAD NO IDEA WHEN DANISH UTILITIES WOULD MAKE DECISIONS ON REACTORS.

8. COMMENT: EMBASSY BELIEVES VON BULOW PRESENTED SOMEWHAT OVER-SUMPLIFIED PICTURE WHEN HE INDICATED DANISH UTILITIES ARE CENTRAL TO DENMARK'S DECISIONS IN THIS QUESTION.
AT ANY RATE, THIS PRESENTATION BY AN OFFICIAL DEEPLY INVOLVED IN DANISH NUCLEAR POLICY CONFIRMS THAT DENMARK BELIEVES ITSELF FORTUNATELY STILL ABLE TO REMAIN ON PERIPHERIES OF EUROP AN DECISIONS IN THIS FIELD WITH OTHER COUNTRIES PAYING THE COSTS, BOTH ECONOMIC AND POLITICAL, OF NECESSARY DEVELOP*ENTS. WHETHER THIS RELATIVELY RELAXED APPROACH IS JUSTIFIED WILL ONLY BECOME CLEAR N TIME.

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